



BIRMINGHAM FORWARD

— MAYOR WILLIAM A. BELL, SR. —



“Project 9-N-9”

Moving

EVERY

Community

FORWARD

WWW.BIRMINGHAMAL.GOV

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EXECUTIVE SUMMARY

“Project 9-N-9” is a Community Investment Initiative enacting economic development and other strategies presented in the ¹**Birmingham Comprehensive Plan** for the purpose of attracting investment and development across all nine districts within the City of Birmingham. This initiative is designed to stimulate equitable growth and development throughout the City of Birmingham as part of the overall **RISE** Comprehensive Plan. More specifically, the main objective of “9-N-9” is to identify neighborhood areas where economic changes might dramatically impact the well-being of the neighborhood. The recommendations contained within “9-N-9” reflect the broad desires and goals of the City of Birmingham, while remaining grounded in the existing economic and political realities.

Residents, policy makers, investors, employers, lenders, realtors, developers and other entities have varying perspectives as evidenced by the Comprehensive Plan. “9-N-9” will serve as a model for greater investment programs. “9-N-9” is an essential element in the RISE plan to encourage collaborations between these entities in an effort to understand the perspective of the many stakeholders involved in these communities.

In conclusion, the “9-N-9” initiatives will serve as an anchor to neighborhood revitalization, with Commercial, Residential and Mixed-Use development. Selected neighborhoods will be based upon current demographics, study findings and policy recommendations for selected communities.

¹ Birmingham Comprehensive Plan can be found at www.birminghamcomprehensiveplan.com

Phases to Fruition

“Project 9-N-9” will consist of commercial development within neighborhood communities such as: neighborhood grocery stores, healthcare providers, utility payment centers and other ancillary services that fill the needs of the immediate neighborhood.

“9-N-9” will be implemented in several phases:

- Acquisition

The City of Birmingham will identify properties throughout the 9 Council Districts for development. City-owned property may be utilized for the development of commercial centers and the revitalization of businesses within the 9 Council Districts

- Financing

The City of Birmingham will lead the 9 Council District lending initiative with an initial allocation of \$4.5M in assets and infrastructure, with matching funding of \$4.5M from Regions Bank from a dedicated loan source. **Regions Bank will also contribute an additional \$14M for economic development opportunities.**

- Marketing

The City of Birmingham will work with economic development agencies to market and promote opportunities for each district.

- Implementation

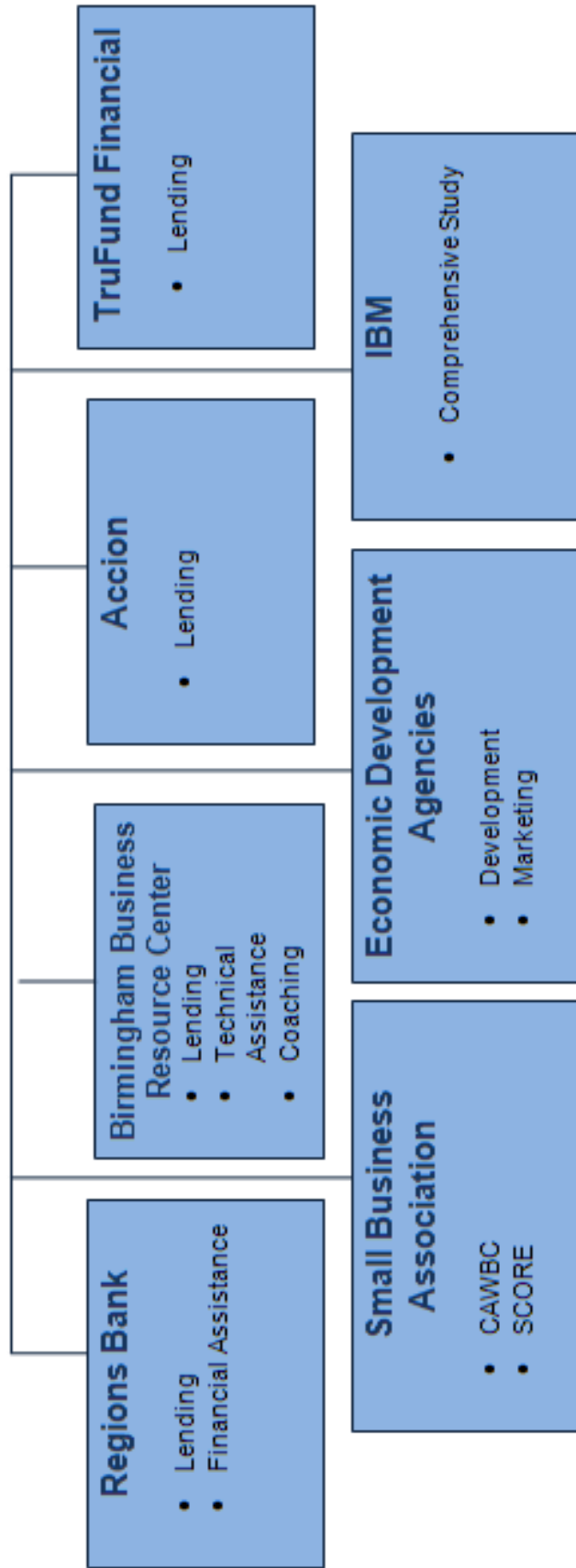
City of Birmingham will work in conjunction with developers in implementing strategies for communities through the Mayor’s Office of Economic Development and the Community Development Department.

Project “9-N-9”

Investing In Every Council District

CITY OF BIRMINGHAM
(Office of Economic Development)

- Coordinate
- Technical Assistance
- Point of Contact
- Property Acquisition
 - Land Banking
 - Assist with Fast Tracking



Companion Elements

The “9-N-9” Tool Kit

Local Incentives

- **Financing Opportunities**
- **Property Acquisition**

Workforce Investment

EB-5 Visa Program

IBM Smarter Cities Grant

SUMMARY OF LOCAL INCENTIVES

Birmingham Business Development Loan

The City of Birmingham through its Birmingham Business Development Loan Program offer developers and small business entrepreneurs a financial incentive in the form of a short term, low-interest loan for economic development projects. Under this lending initiative, the City offers bank guaranteed loans from \$100,000 up to \$1,000,000.00 at “**current market rates**” for a term of 12-24 months. During the term of the loan, no principal or interest payments is required by the borrower on eligible commercial projects that will have a positive impact on the City of Birmingham. **Loans made under this program are administered by the Mayor’s Office of Economic Development and must be guaranteed by a Direct Pay, Irrevocable Letter of Credit (LOC) from a bank.**

Possible Sharing of New Revenues

Assuming the project would create new jobs and new revenues, the City of Birmingham, based on due diligence and upon Council approval, may consider sharing a percentage of such new revenues to the City. The percentage of sharing and the number of years the revenue would be shared are included in a development agreement negotiated by the City Law Department and the prospect’s legal counsel. Specific terms for this type of payment from future revenues are negotiated on a case-by-case basis with individual prospects. In the case of most business expansions, existing revenues are not usually considered new revenues, and are not subject to most revenue sharing agreements.

Local Incentives (cont.)

City-Owned Property

City-owned property may be acquired at reduced rates to assist developers in the implementation of economic growth projects in the City's 9 Council Districts. Public/Private joint ventures may also be considered under the 9-N-9 program to generate commercial centers in distressed areas in the districts. Land cost savings is a major advantage for new and expanding business developments. The creation of jobs and the generation of revenue in our communities help facilitate economic growth in our City and ultimately offer a higher quality of life in all 9 Council Districts.

Improvements in the Public Right-of-Way

Improvements in the public right-of-way are often offered as an incentive. Sidewalk repair, drainage, and streetscaping are the most common improvements sometimes offered by the City, and can amount to several thousand dollars in cash savings when a new business is getting ready to begin operations.

Alabama Constitutional Amendment 772

Alabama Constitutional Amendment 772 is a relatively new investment owner law whereby a municipality can help to fund projects by paying the cost of improvements to property. Examples would include improvements not necessarily in the public right-of way, such as paving a parking lot, security lighting, building costs, and drainage control or correction.

Federal Historic Tax Credits

Federal Historic Tax Credits are available for a building designated as a historic property. Such properties are eligible for a 20% rehabilitation tax credit as a "dollar for dollar" credit against federal income tax liability. For renovations meeting required criteria, most expenses related to the rehabilitation (labor, materials, most soft costs) are deductible, though the acquisition cost is not deductible. The credit is subject to approval by the Alabama Historical Commission.

New Market Tax Credit (NMTC)

The New Markets Tax Credit Program was established in 2000 as part of the Community Renewal Tax Relief Act of 2000. The NMTC Program provides tax credit incentives to investors for equity investments in certified Community Development Entities (CDEs), which invest in low-income communities. The credit equals 39% of the investment paid out (5% in each of the first three years, then 6% in the final four years) over seven years. A CDE must have a primary mission of investing in low-income communities and persons. REV Birmingham can provide further details.

State Historic Tax Credits

State Historic Tax Credits were approved in the most recent session of the Alabama legislature, allowing for a 25% state income tax credit toward the rehabilitation costs of designated historic structures. This new Alabama law adds residences to the types of structures that would qualify. To qualify, a structure must be deemed historic by the United States Department of the Interior, or it must have been built prior to 1936 and certified by the Alabama Historical Commission as meeting certain federal standards. There are dollar limits on the amount of the credit and the new law includes those limits and other qualifying standards. REV Birmingham can provide further details.

Alabama Enterprise Zone Credits

Alabama Enterprise Zone Credits, depending on qualifications established by the Alabama Department of Revenue, offer significant local and state financial incentives to companies that locate or expand within a designated Enterprise Zone. A locating company could possibly qualify for the Alabama Capital Investment Tax Credit, which allows up to 5% of a company's capital investment to be counted as a credit toward the Alabama Corporate Income Tax due to the State of Alabama every year for 20 years. Qualification thresholds are much lower in the Enterprise Zone than in locations outside the Zone. Also, the potential exists for an income tax credit of up to \$2.5K per employee hired from neighborhoods in close proximity to the Enterprise Zone. A final decision as to whether a company qualifies rests with the Alabama Department of Revenue. Please go to <http://www.birminghamal.gov/OED/index.aspx> for a listing of all properties located in the Enterprise Zone.

Local Incentives (cont.)

Birmingham Foreign Trade Zones #98

Birmingham Foreign Trade Zones (FTZ) #98 includes specifically designated areas, in, or in close proximity to a United States Customs Port of Entry. Birmingham FTZ #98 allows for a reduction of tariff rates, or delayed payment of tariffs, by companies that are importing component parts used in the production process. Please go to <http://www.birminghamal.gov/OED/index.aspx> for a map of all the designated FTZ #98 zones and subzones.

Fast Track Permitting

Fast Track Permitting assistance is offered through the City's Division of Economic Development, working in close coordination with the Department of Planning Engineering and Permits, giving the local developer, architect or contractor immediate assistance and/or information related to design review, inspections, permits, and other matters related to a project. Contact the Mayor's Office of Economic Development (205) 254-2799 if assistance or information is needed.

For Additional Information Visit <http://www.birminghamal.gov/OED/index.aspx>

Jefferson County Workforce Investment Board

- The Jefferson County Workforce Investment Board is a federally funded program that assists job seekers in obtaining employment.
- It offers three levels of services to adults, dislocated workers and comprehensive services to youth.
- The Jefferson County Workforce Investment Area (JCWIA) office provides planning, coordination, monitoring and evaluation services to participating organizations.
- The JCWIA office works to create and operate a premier workforce development system that fosters economic development by:
 - linking employers and job seekers with providers of education and training;
 - educating and training marketable workforce; and,
 - serving as the resource for information and services to meet the needs of Jefferson County's workforce and employers.

Summary EB-5 Visa Program

What is EB-5

The EB-5 Visa Program has been a good tool for economic development in other cities. This program allows a foreign investor who invests \$500K in a **Targeted Employment Area (TEA)** to \$1M for investment in a non **TEA** area to receive a permanent visa. Basic requirements are forming a Regional Center and researching the eligibility of a **TEA**.

Feasibility

This program would be able to work city wide and focus on areas in need. Incentives beyond the EB-5 visa application would be minimal since the program is designed to bring new foreign investment into areas previously ignored by foreign investors.

Associated Costs

Costs of this from filling fees to research and capitalization can be between \$100K - \$200K to get started with the program and to begin recruiting foreign investors. This program was designed to encourage smaller local investment by foreign investors who are rewarded with the prized permanent visa. There are Regional Centers in Alabama but none are specifically focused on the Birmingham city limits.

Why the Attraction to Birmingham

Birmingham has many areas that would qualify as **TEA** wherein a lower investment option is available to the investors. We have a large number of neighborhood business districts that would be attractive to and benefit investors. Other cities have successfully used this as a tool for economic development.

Summary of IBM Smarter Cities Grant

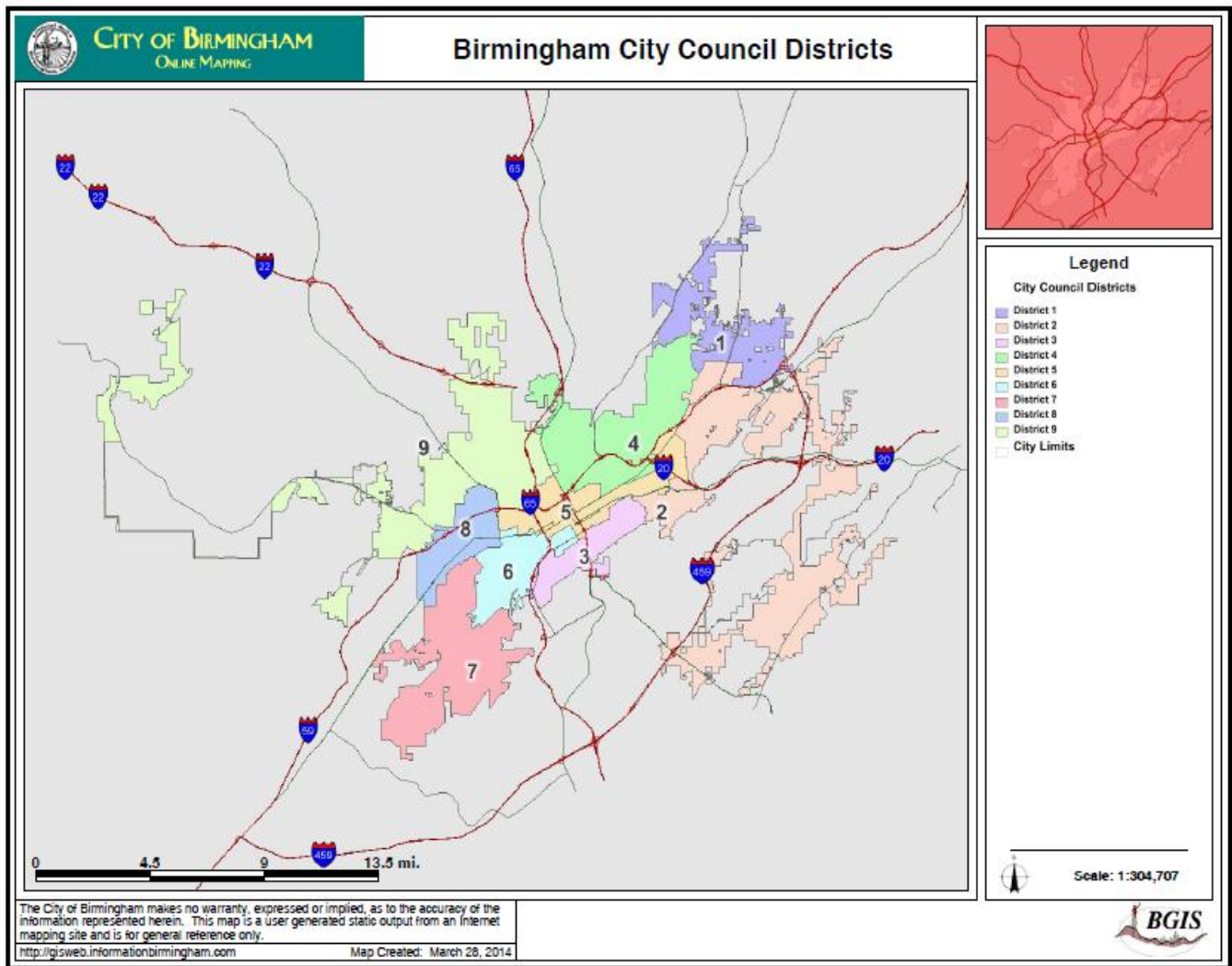
The City of Birmingham is one of only three municipalities picked in the United States for ***IBM Smarter Cities Challenge Grant***.

The ***Smarter Cities Challenge*** is a competitive grant program that sends teams of some of IBM's most talented experts to select cities and regions worldwide to provide pro bono consulting expertise on the most critical issues faced by communities today.

This year, IBM will be assist the City of Birmingham to address issues ranging from clean water, healthy food, and revenue generation, to job development, efficient transportation, and public safety.

“Project 9-N-9”

No Neighborhood Left Behind



BIRMINGHAM FORWARD

— MAYOR WILLIAM A. BELL, SR. —

Prepared by the Mayor's Office of Economic Development